



STATE OF WISCONSIN
Department of Employee Trust Funds
David A. Stella
SECRETARY

801 W Badger Road
PO Box 7931
Madison WI 53707-7931

1-877-533-5020 (toll free)
Fax (608) 267-4549
<http://etf.wi.gov>

CORRESPONDENCE MEMORANDUM

DATE: February 20, 2008

TO: Members of the Senate Committee on Health, Human Services, Insurance, and Job Creation

FROM: Bob Conlin, Deputy Secretary (608-261-7940)

SUBJECT: 2007 Senate Bill 336, Membership on Group Insurance Board

The Department of Employee Trust Funds opposes 2007 Senate Bill 336 (SB 336).

- The Group Insurance Board is responsible for providing, on behalf of the state, group health insurance plans for state employees, local public employees and retired public employees.
- Currently, the Group Insurance Board consists of 11 members. Five of the members are ex-officio (the Governor, the Attorney General, the Secretary of Administration, the Director of Employment Relations, and the Commissioner of Insurance or their designees). The remaining six members are appointed by the Governor, four of whom must be participating in the Wisconsin Retirement System in some capacity.
- SB 336 would expand the membership by two members and require that each of the state's congressional districts be "represented" on the Group Insurance Board by a resident of the congressional district.
- The Group Insurance Board is a board of trustees. They are fiduciaries. Under current law, they must act solely for the benefit of all the beneficiaries of the trust fund and may take any action not otherwise specifically prohibited to carry out the intent and purposes of the group insurance plans. Members do not, and cannot, represent a particular area, ideology or group. Representing an area, ideology or group would conflict with their fiduciary obligations of impartiality and loyalty to all members rather than a particular constituency.
- At a time when the Board is challenged to find ways to hold down the cost of providing health benefits for public employees, difficult decisions regarding benefits, providers and premiums need to be made. Those decisions may affect employees around the state. The Board and the Department have been successful in doing this with, among other things, the tiering model that the Legislature helped us initiate.
- This model puts tremendous pressure on health plans to provide the best value for the state's dollar. Sometimes it causes plans to reconfigure their provider networks in an effort to improve value and eliminate inefficiency. This is what happened in West-Central Wisconsin this past fall and is the primary reason SB 336 is before you.
- The Department believes that changing the composition of the Board in reaction to occasional employee dissatisfaction with difficult decisions that the Board makes is sending the wrong message. It will discourage the Board from focusing on the prudent, long-term management of the plans and will instead cause them to seek to please everyone in the short term. This will decrease the effectiveness of the tiering system and will result in increased costs to the state, its employees and retirees.

ETF respectfully requests that you take no further action on SB 336.



State Senator Sheila Harsdorf

February 20, 2008

To: Members of the Senate Committee on Health, Human Service, Insurance and Job Creation
From: Senator Sheila Harsdorf
Re: Testimony on Senate Bill 336 – Membership of the Group Insurance Board

Thank you, Chairman Erpenbach and Committee members, for holding a public hearing on Senate Bill 336 and providing me with an opportunity to testify in favor of this legislation.

The Group Insurance Board is the oversight body within the Department of Employee Trust Funds that administers insurance plans for state employees. The Board is currently composed of eleven members, six of which are appointed by the Governor to serve two-year terms. The appointed members must also meet certain requirements as set forth in statute that ensures representation among certain groups with an interest in the Wisconsin Retirement System.

Senate Bill 336 seeks to expand the Group Insurance Board from eleven members to thirteen, by adding two additional appointed members. Furthermore, Senate Bill 336 would require that the eight appointed members reside in each of the eight Congressional districts. This change seeks to enhance the Board by creating regional representation among its members.

This legislation is a means to provide state employees from all parts of Wisconsin with a voice on the Group Insurance Board. As you know, one of the responsibilities of the Board is to seek out bids to create a network of health care providers for state employees. By requiring regional representation on the Board, we can ensure that input from areas with unique characteristics or requirements will be heard.

When the health insurance plans for state employees in western Wisconsin border counties, such as Pierce, St. Croix and Polk, changed for 2008, there was a great deal of anxiety and uncertainty on the impact of the changes on families, including questions on which providers would be available and the cost for families to continue seeing their doctors that may no longer be included in a state plan. Providing regional representation would provide assurances to state employees that their input will be heard.

Thank you again for the opportunity to testify in support of SB 336. I urge your support and prompt action on moving this legislation forward for a vote before the full Senate and would be happy to answer any questions members may have.

Testimony of Chancellor Don Betz
Given by Vice Chancellor Mary Halada
February 20, 2008
Senate Bill 336

Committee on Health, Human Services, Insurance, and Job Creation

Chair Erpenbach, members of the committee....I am Mary Halada, Vice Chancellor of UW-River Falls. I am representing Chancellor Don Betz whose schedule unfortunately did not allow him to speak with you today. I am here, along with my colleagues from the University, to urge you to pass Senate Bill 336. This legislation affects not only 590 faculty and staff at UWRF, but all state employees in Pierce and St. Croix counties. The bill has a very simple premise: to provide regional representation on the Group Insurance Board, which oversees the Employee Trust Fund.

One voice is missing, and it has been absent for some time. During this past Dual Choice period of sign-up for state health insurance options, all state employees in our region were subjected to unreasonable uncertainty about our health care choices. Even to this day—some six months after we received the first signal that our options would undergo radical change—we are still grappling on a daily basis with the uncertainties of who are our health care providers, where we must go to find them, and whether those with acute and chronic illnesses will be allowed continuing health care coverage under their previous physicians.

In November, we were provided with three choices: subscribe to Tier I Humana Premier West, which did not provide access to Minnesota health care providers, and even at that late date there was confusion about access to clinics and hospitals in River Falls and Hudson. Tier II, Anthem, provided a very similar network, but at a higher cost. Tier

III, the Standard Plan provided by Wisconsin Physicians Service, provides access to Minnesota health care providers, but at five times the cost as Tier 1.

Ladies and Gentlemen, UWRF is located within the metropolitan area of Minneapolis-St. Paul. Downtown St. Paul is just 25 minutes away. The Minnesota metropolitan area consists of 2.5 million people, and offers an exceptional range of health care options one would expect for that size of population.

Unless state employees are willing to pay an extremely high premium—\$358 per month—they are confined to western Wisconsin. With a 10-county region of just 365,000 persons, our health care options are substantially less and often distant from us.

My colleagues who are here to testify will put a very human face on what this means to them and their families. Linda Jacobson will tell of her family's struggle to find the appropriate psychiatric care for her adopted twin sons. There are no specialists within 75 miles in Wisconsin who might be able to assist her. Deborah Johnson will tell you about the challenge her family is confronted with as a result of her husband's transplant. To pay the Tier III premium, she is seeking a second job. Her state salary is insufficient to cover her share of the premium; but to forgo WPS would be courting economic disaster. Wendy Penny will tell you of her son's acute asthma. She was forced to change health care tiers because of the cost. There is no pediatrician who can treat her son in Wisconsin within 100 miles of River Falls. Kris Allen was not able to be here, but has provided written testimony to tell you of her struggle to overcome liver cancer. Thankfully, she is in remission. It would be a risky gamble for her to not carry Tier III, which is a financial struggle for her family.

We are telling you these human stories, because that human equation has been missing in our extensive discussions with ETF about our health care options. The problems we encountered this year are especially acute. However, this is not the first year we've experienced reluctance on the part of ETF to acknowledge our unique circumstances due to our proximity to the Twin Cities.

If you were to hold a poll among faculty and staff at UWRF, you would receive nearly a unanimous reply that ETF has failed to be our advocate on seeking out reliable, effective, accessible health care. Our concerns that we shared with ETF were met with annoyance and disinterest. In our conversations with ETF, we were told that 80% of the employees are in southern Wisconsin, and that's where they put their focus. I ask that you listen to those who are testifying today, and decide for yourself whether these folks deserve the same healthcare options as staff in Madison, Milwaukee and on other UW campuses.

Over the past four plus months, we have applied as much pressure as possible to ETF to provide resolution to our issues. You are likely to hear from them that some progress is being made as Humana West seeks to expand network providers and include some in the Twin Cities. Some of this has happened, although we don't yet know specifics. This is good news. Unfortunately, health plan choices had to be made prior to January 1 and staff are now committed for twelve months.

My concern is also for the long-term. What happens to UWRF employees in the years ahead, should we fall off ETF's radar screen again? Who will be our advocate? I urge you to give west-central Wisconsin a voice on the Group Insurance Board by approving this request for regional representation. Several years ago we nominated Gary

Rohde, former Wisconsin Secretary of the Department of Agriculture for a Group Insurance Board position, however, there was no response. As state employees we have the right to expect the same consideration as employees in Madison, Milwaukee, Green Bay or Platteville.

Thank you. I'll be happy to answer any questions you may have.

Testimony of Deborah Johnson
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

Senator Erpenbach, committee members, my name is Deborah Johnson. I work in the Registrar's Office at the University of Wisconsin – River Falls and live outside of Stockholm, Wis., in Senator Vinehout's district. I am here because the Group Insurance Board needs changing. West Central Wisconsin needs representation on this board.

Because of the changes made in our insurance offerings at UWRF, I along with my family had to make major changes in our everyday lives. Since the changes in our insurance choices were made in November, my insurance cost has increased **186%**. That is not 1.86; it is one hundred and eighty-six percent! Why did I make such a major cost choice? I had no choice! As I will explain further, I had to choose WPS insurance, a Tier 3 provider, because they are the only one of our "choices" that could provide my family's doctors as in-network providers. So because of this major cost increase, to continue to help support my family, I am searching for a second job to pay for my insurance.

This is why we can not change our health care providers: My husband, Mark, has a kidney transplant, and his Transplant Center is the University of Minnesota Hospital and Clinics, about 30 miles from the University. There are no other Transplant Centers in the state of Wisconsin within reasonable driving distance from our residence in Stockholm, Pepin Township, in Pepin County. You may ask why he doesn't go to the University of Wisconsin-Madison Hospital/Transplant Center four hours from our home? Along with the distance issue, Madison is out-of-network for my area of the state! Out-of-network costs would financially ruin Mark and me for years to come.

The information about financially ruining us was relayed to me by a financial advisor at the University of Minnesota Hospital & Clinics. She told me that if I did not choose an insurance provider that had a Transplant Center as an in-network provider, we would be financially devastated. Basically, Mark and I would have to file Medical Bankruptcy every year for many, many years. But we do not want to do that. And again, Madison and Milwaukee are both out-of-network for us.

On top of having to choose a Tier 3 provider, I also have to pay additional costs for dental insurance, therefore, the 186% increase in my healthcare costs. Plus the additional cost of eye care exams; both of which were covered under our previous plan but not by WPS, the Tier 3 provider. All four of my family members need eyeglasses.

It took many, many hours on the phone talking to people at our health care providers to make the decision I did. At length, I talked with Mark's Transplant Coordinator at the University of Minnesota Hospital, a financial advisor at the U of MN Hosp., and with the insurance contract manager at the Mayo Clinic about our health insurance issues. They had very good advice and were sympathetic to our dilemma. But the advice was the same; I have to have insurance coverage that has my family's health care providers in-network! And now after all of this, my doctor has put me on high blood pressure medicine as my blood pressure has increased by 30 points, due to the stress of having to deal with these insurance issues and the costs and changes involved.

The very fact that I am looking for a second job makes my two boys very unhappy. They are very aware of the time Mom spends away from home, whether it is driving to and from work, or at work. Since I now need a second job, which I hope to get soon, just to pay for our health insurance, that means **much less** time for our evening and

weekend time together as a family. My two kids, who still need their mom, will not be able to spend time with their mom like they should and are used to.

Mark farms our family farm on a limited basis due to his on-going health issues. So with the rising costs for everything, be it gas, heating, electricity, medications, and now the major increase in our insurance, Mark and I have reviewed our budget a number of times: extra money just isn't there. We have cut back on non-necessities. But we don't have a lot either. My kids do not have a Nintendo or a PlayStation. We have a computer, but we do not have the Internet nor do we have cable/satellite TV. Those are just costs we can not afford, but things most families take for granted. We have made the choice of food and heat.

Another reason why a change in health care providers would be harmful to my family: My youngest son, Trey has Attention Deficit Disorder. Continuity of care is important with kids with ADD. Our family clinic is in Wabasha, Minnesota, a Mayo Health provider only 20 minutes from our home and 10 minutes from my children's school. The next closest doctor recommended by my son's current doctor is in Eau Claire, an hour's drive away.

We need representation on the Group Insurance Board in West Central Wisconsin to bring a greater awareness of the border state location issues that the dedicated employees of the State of Wisconsin and their families face.

This law to change the Group Insurance Board is what Wisconsin needs.

Thank you for your time.

Testimony of Alex Johnson
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

Senator Erpenbach, committee members, my name is Alex Johnson. My mom, Deborah Johnson, works in the Registrar's Office at the University of Wisconsin – River Falls. We live outside of Stockholm, Wis., in Senator Vinehout's district. I am in the ninth grade at Pepin Area Schools, Pepin, and enrolled in the Wisconsin Covenant. I am here because the Group Insurance Board needs changing. West Central Wisconsin needs representation on this board.

Because of the changes made in the insurance offerings at UWRF, the fall of 2007 was a stressful, difficult time for my mom. I could tell each day she came home from a job she loves that things were not quite right. In November 2007, my mom's insurance choices changed. My mom & dad told Trey, my brother, and I that our life would change because of the added expense needed for our family health insurance. I asked her why she chose the plan she did. She told me she had no choice! She had to choose WPS insurance because they are the **only** one of her "choices" that could provide our family's doctors as in-network providers. >

Why didn't she have a choice? Since my dad has a kidney transplant, and his Transplant Center is the University of Minnesota Hospital and Clinics. There is **No** other Transplant Centers in the state of Wisconsin within decent driving distance from our house in Pepin County. Why does my dad not go to the University of Wisconsin-Madison Hospital/Transplant Center? That Transplant Center is out of network under our insurance. The four hour distance factor would make it harder for my brother and me to

visit our dad if he was hospitalized in Madison, especially if my mom had to take us out of school.

I know my mom spent a lot of time on the phone talking with representatives from our health care providers about our health insurance issues. The advice they had for my mom; she has to have insurance coverage that has our doctors, especially my dad's, in-network, even with the added expense.

On top of having to choose a more expensive insurance plan, my parents also have to pay extra money for dental insurance and the additional cost of eye care exams, which were both covered under my mom's previous plan. That is an extra expense my parents have to deal with.

Because my mom is looking for a second job, my brother and I are very sad, as that would mean more time my mom is away from home. When I was younger, my mom had a different job where she worked weird hours and was hardly ever home. I do not want it to go back that way. I still need my mom, and my brother does, too!

My dad farms our family farm, so with the rising costs for everything, including insurance, extra money for fun just is not there. As my mom stated, we do **not** have a Nintendo, a PlayStation, cable/satellite TV or the Internet. Most kids my age take these things for granted. I do not!

Another reason why my mom had to choose the most costly insurance: Trey, who is nine, needs to stay with his doctor because change does not go over good with him because of his ADD. Believe me, I know.

My mom and dad told my brother and me about our insurance situation so we know not to ask for extras. Also, our family fun time will mean not going to exciting and

interesting places; including museums, state historic places, and state parks. The fun and educational things we like to do as a family. I have been so concerned about our financial situation that recently I did not tell my parents that I had been feeling ill for quite some time. I was afraid it was something really serious and that my family could not afford additional doctor bills. I finally told my mom so my dad took me to the doctor, and I am fine.

I **am only** fifteen, but I am intelligent enough to know that this change in our insurance costs will effect my family's well being for a long, **long** time. It already has.

We need representation on the Group Insurance Board in West Central Wisconsin to bring a greater awareness of the issues that the dedicated employees of the State of Wisconsin, like my mom, and their families face.

This law to change the Group Insurance Board is what Wisconsin needs.

Thank you for your time.

Testimony of Linda Jacobson
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrpenbach and committee members:

Good Morning! My name is Linda Jacobson, and I have been a UW system employee for 13 years. Health care is one of the main reasons I chose to work at the University.

I have twin boys, now age 10, whom we adopted from Korea at 11 months old. Thankfully, they have been healthy physically and are doing well in school. However, the boys have struggled with unknown mental health issues since they arrived with us.

At home, we have daily rages that last for 30 minutes or more when their request is denied or something doesn't work the way they would like. These are not just "typical childhood behaviors." These rages are triggered by very minor incidents and involve swearing, hitting, kicking, screaming, throwing things, breaking things, and threats to kill others, themselves or us. We know this is not willful behavior. If they don't get the right treatment when they are young, we are fearful for their and our lives as they enter puberty and adulthood, and ultimately a societal impact of their potential long term care if issues are left untreated.

Reluctantly, these young boys are on two antipsychotic medications but without a specific diagnosis. Their issues have perplexed our psychologists and psychiatrists. With no genetic history, we have gone through several mental illness diagnosis. Currently, we think multiple very early childhood traumas affected their brain development. Our first child psychiatrist told us before moving out of state that she would not refer the boys to her replacement in Eau Claire because their issues were far too complex and would overwhelm this newly trained doctor. With the scarcity of child psychiatrists, we felt fortunate to get in with a doctor at Mayo Clinic -- even though it meant for each appointment, we would take off a full day

of work and the boys would miss a full day of school.

This fall, the boys were referred to another psychologist for her expertise in treating childhood trauma. She determined she could not help the boys because their trauma was preverbal, and referred them to a therapist for EEG Neurofeedback therapy – essentially a therapy to “rewire” the brain. We have pursued it despite lack of insurance coverage. We had to do something because our family was literally falling apart. We are paying the cost for the 20+ twice a week appointments in the Twin Cities. We are hoping that this therapy will have a positive impact.

When I heard Humana was dropping PreferredOne in October, I knew finding a child psychiatrist for my boys would be difficult. The Tier 3 plan would cost more than a third of my salary – so it was not an option. The Tier 2 plan would mean we could only see the child psychiatrist that we were told could not handle the complexity of our boys’ issues. Humana’s Tier 1 plan listed 10 psychiatrists – only seven of whom were practicing and none were child psychiatrists. Of the two general psychiatrists who saw children, the closest was 1 ½ hours away in Cumberland. I ultimately chose to stay with Humana because the uniform benefits stated that Insurance carriers must provide us with access to specialists and Corp Health had just started signing up behavioral health providers.

In December, I tried to initiate a referral to a child psychiatrist for the boys, knowing it can take 8-12 weeks to get an appointment. Nothing could be done because new insurance numbers would not be issued until January. In early January, I tried again only to find out that we were “not in Humana’s system” (I have been a Humana member since 2002).

In early February, I was excited to learn that Humana had signed an agreement with Health Partners to enable us to see specialists in MN. However, I have since learned that behavioral health is handled separately, and is not included in the agreement. Consequently,

today, the boys still do not have a child psychiatrist, as there are still no child psychiatrists in the network within 100 miles of our home in River Falls. I have found an excellent child psychiatrist knowledgeable in the boys' issues whom we could see in Woodbury, Minnesota (just 20 miles away). Their clinic policy is that treatment is more effective and better coordinated when therapist and psychiatrist work together, so the boys would also need to see a therapist within that practice. That clinic is covered by HealthPartners, but because behavioral health is not included in Humana's agreement with Health Partners, and this practice is in Minnesota, it is not included in the network of available providers/specialists. Without insurance coverage, the out-of-pocket cost would be \$222 for each therapist visit per child, plus the psychiatrist's bill. Again, it is out of our financial reach.

We should pay some part of our own health care. However, given the lack of covered health care providers of all kinds available to those of us in Western Wisconsin, I seriously question the equity of the plans offered to us with those offered to the rest of the state.

My boys have been through a lot in their young lives; they are bright, great kids with a lot of potential. My husband and I have researched, studied, spent much of our savings and done everything we know how to give these boys a positive future. However, treatment for their mental health will only be effective with access to the right kinds of doctors and therapists. Realistically, access means to the ability to receive appropriate treatment within a reasonable proximity, covered by affordable insurance. While those professionals are in reasonable proximity to us, they are currently not accessible simply because their offices are located in the closest metropolitan area that happens to lie across a state line.

My family supports the passage of Senate Bill 336. State employees in Western Wisconsin need a voice on the Group Insurance Board so that our health care issues receive the same equitable attention as do state employees in other regions of Wisconsin.

Testimony of Wendy Penny
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrpenbach, members of the committee, good morning. My name is Wendy Penny and I am a classified employee at the University of Wisconsin – River Falls. This is my son, Dylan. Dylan is 9 years old. About two years ago, Dylan was diagnosed with Asthma. Prior to his diagnosis, as a family with few major health concerns, we doctored in our hometown of River Falls as this was convenient and met our needs. Dylan began having problems when he was just 6 years old. He would frequently have colds, sinus conditions and just be worn out. We continued to doctor with our family physician in River Falls for the next year, continually being told he had a cold or a sinus infection, resulting in numerous prescription antibiotics. In the fall of 2005, Dylan's symptoms worsened and we began to be a bit more aggressive with the doctors. Within the week and a half prior to his diagnosis he saw five doctors, including an Ear Nose and Throat specialist, and radiologist for a scan of his sinuses. The morning of his diagnosis he woke up and told me he couldn't catch his breath. I tried to brush it off and told him to get a drink of water and he'd be fine. I remember him saying to me crying "But Mom, you don't understand. My heart is beating really, really fast and I haven't even been running!" Immediately I was worried. My husband and I decided to take him to the emergency room at our local hospital. The nurse at the ER placed an oxygen monitor on his finger and listened to his breathing. There were no tests performed, no chest x-ray and I don't even recall

them taking his temperature! Subsequently we were sent home with a nasal spray and advised again that he had a cold. Once we got home and into the house, Dylan immediately vomited. I was really concerned. I knew there was something more to all of it but I just didn't know what to do at that point. I managed to get Dylan an appointment with a pediatrician in Lake Elmo, Minnesota only a 15 minute drive from our house. This pediatrician, Dr. Kelly Delahunty, immediately diagnosed that his breathing was only at 36% of a normal child's his age. His lungs were filled with fluid, but luckily pneumonia was not present. We spent the next 2 hours in that doctor's office learning that Dylan had asthma and how to care for him. She put him on a strict asthma regimen to get his breathing regulated. We went home that day with a nebulizer in hand and a changed lifestyle. With the doctor checking on him daily by phone and keeping a watchful eye, we were able to get his asthma under control. Over the past two years, Dr. Delahunty has had Dylan on a strict asthma regimen controlled by daily medications and knowledge of what it is to live with asthma. Dylan has become very comfortable with this doctor and has come to trust that she can indeed help him.

You may have read a recent article on the front page of the St. Paul Pioneer Press that told Dylan's story as an illustration of the problems UWRF employees are now experiencing. On January 2nd, I learned first hand how these changes directly affected my child. Dylan began having asthmatic problems on New Year's Eve. We treated him at home as we have done many times in the past. His condition worsened and on January 2nd I called Humana to obtain the name

of a pediatrician who would be covered on our plan as Dr. Delahunty was not included in the new network. The nearest pediatrician they could refer me to was over 100 miles away. I asked the Humana customer service representative if I could get a referral for Dylan to see Dr. Delahunty. I also advised the customer service representative that back in October of 2007, when we first learned of Humana's changes, I had contacted both Humana and my doctor's billing departments attempting to get Dr. Delahunty on the network. My contact at the doctor's office has told me that she has submitted the paperwork twice to Humana. The Humana customer service representative advised they would be unable to give me a referral because they did not show any such paperwork had been initiated.

My choices were either to take Dylan to our local clinic and see a physician assistant or go to the Marshfield Clinic, 145 miles away. Unable to risk driving Dylan that kind of distance, I took him to see the physician assistant in our hometown of River Falls. I found myself having to educate the PA and tell him exactly what Dylan needed, a steroid to open his lungs.

Ironically 8 days after this story ran on the front page of the St. Paul Pioneer Press, I received a call from a Humana customer service representative who wanted to let me know that I could set any future appointments with his long time pediatrician, Dr. Delahunty. The Humana representative stated that the paperwork had been received to get Dylan's doctor on the network and would be expedited, including all three of her offices, or any of her partner physicians. I also was given permission to take him to Children's hospital in St. Paul,

Minnesota, 30 minutes from our home. Humana would accommodate all referrals for him. I now carry the Humana customer service representative's direct phone number in my purse and will need to contact her for each of Dylan's visits to see Dr. Delahunty.

I do question if this was a result of the St. Paul Pioneer Press article. Although I am very grateful to have these exceptions, why is it ok for Dylan and not his younger brother or my co-workers? Much time and energy has been spent in trying to get quality health care for ourselves and our families. Today we are asking for your support in obtaining representation that will allow us to have the same level of health care in our major metropolitan area as our fellow state employees in all of Wisconsin.

Thank you for your time.



Faculty Senate • http://www.uwrf.edu/faculty_senate/welcome.html

Senators: Chair - David Rainville, Vice Chair - David Furniss, Secretary - Kris Hiney, Executive Committee - Glen Potts, Ogden Rogers

Testimony of David P. Rainville
Chair, Faculty Senate
University of Wisconsin-River Falls

February 20, 2008

Senate Bill 336

Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrphenbach, and members of the Committee:

I come before this committee in support of Senate Bill 336

because of what I and many others consider to be a failing of the current structure of the Group Insurance Board. Last August the Administration of the University of Wisconsin-River Falls was informed by the Employee Trust Fund that for the 2008 calendar year, we would have access to Humana West at tier 1 rates in contrast to the tier 2 rates that it had been offered over the last several years. The notice informing us was not particularly informative, but it did indicate that there would be some changes in the plan. It also indicated that access to some Minnesota providers would be eliminated. It was not until later that we realized the extent of the elimination of Minnesota Providers. It was essentially no access of ~~an~~ any Minnesota Providers for any reason. We were told that the Preferred One Network would be abandoned and replaced with Premier One. The only problem was that this new network existed essentially in the planning stages and contracts were not even signed between Humana and the extremely limited number of providers with whom they had been in contact. Most of the providers in Western Wisconsin list^{ed} in the "Dual Choice" booklet that we received as an informational aid, had not signed contracts with Humana and were even unaware of any changes being made.

UNIVERSITY OF WISCONSIN-RIVER FALLS

410 S. Third Street • River Falls, WI 54022-5001 • USA

Additionally, there were no Minnesota Providers. When we objected to this, we were told that there was excellent medical care available at the Marshfield Clinic. I honestly could not believe what I heard. It indicated a complete lack of knowledge about the geography of the State of Wisconsin. I can only believe that they had confused Black River Falls with River Falls. River Falls as you know is located essentially on the Wisconsin-Minnesota Border. Most of the economy of it is dependent on relationships with Minnesota. The same is true of the Medical Profession. Family practitioners in that area have relationships with medical specialists in the Twin Cities metropolitan area. Most of them are unaware of specialists even in Eau Claire, the closest (90 minutes away) Wisconsin metropolitan area.

When we had our health care insurance fair on campus, ETF would not send representatives to explain changes that had been made in their plan offering. They had always attended in the past.

We were left with little information to make choices affecting our health care. Twice, deadlines for choosing an insurance plan were extended as we waited to hear more about the radical changes that had been made to the plan which most of us belonged to. In the end, it was apparent that the changes were far worse than any of us could have possibly imagined. We were told that there were no Minnesota providers and there would be absolutely no referrals to any of them under any circumstances. We were told that the Premier One Network would expand in time and that it might possibly include some Minnesota Providers in the future.

Another provider at the Tier 2 level, Anthem, indicated that it was eliminating access to most Minnesota providers when it was made aware of the actions of Humana. The only other insurance provider that did have access to Minnesota Providers was the

Standard Plan with WPS. Oddly, that plan was available to non Wisconsin residents at tier 2 rates, but at tier 3 rates to Wisconsin residents. Regardless of the rate structure, access to Minnesota providers is extremely limited in the Standard Plan.

Ultimately, we all made difficult choices, with some staying with Humana West in the hope that the Premier One Network would expand, or praying that we would not get sick. Others decided to go with Anthem due to some very limited Minnesota access and the tier 2 rate. Others, particularly Minnesota residents, chose the Standard Plan as it did have some general access to Minnesota providers and the tier 2 rate structure for out of state residents.

These choices have caused most of us to change long standing relationships with our physicians. Some of those that have stayed with Humana and some who have switched to Anthem have already experienced unacceptable situations. There have been delays of weeks trying to get a referral to a specialist. Local Physicians have absolutely no idea whom to make the referrals to because they do not interact with Central Wisconsin. Patients have had to travel long distances to get medical attention. Many are still waiting. There have been additional costs experienced by patients and their families. The cost of traveling to Eau Claire is not negligible. If one has to stay overnight, there is lodging either for the patient or for the family if the patient is hospitalized. There is also the time away from work due to traveling. Many have had to use precious sick leave for something as simple as seeing an ophthalmologist for a fifteen minute appointment. This is also a cost to the State of Wisconsin as it the loss of one of its employees for the day. The burden of this travel to those suffering from chronic illnesses is unacceptable. Some do not even have the transportation.

I have numerous situations where approved providers have sent samples for test to labs in Minnesota, with the cost being refused, as these labs are not included in the plan. This is an additional cost to patients, who have little if any control over which laboratories physicians use.

One of the most disconcerting aspects of the situation that has occurred is the lack of continuity of care. It is my understanding that Badger Care which is provided to those on state assistance does guarantee continuity of care. We were not even given that option.

In my own personal experience, I changed from Humana West to the Standard Plan. I simply had no choice. I was hospitalized four times last year, having had minor surgery in June and major surgery in August. I am currently under the care of a physician that is not included in any of the plans. In fact, there is only one specialist in the area whose specialty is that which I require. I have not even tried to contact that specialist. I doubt that I could see him easily. I should also indicate that there are 37 physicians in the Twin Cities that do have that specialty. I have a \$500.00 deductible for out of network services. After that has been met, the plan will pay 80% of what it considers to be reasonable and customary charges. It is my understanding that what they consider reasonable is usually about 50% of the charge. I have also had to change my physician whom I have seen over the last twenty six years while I have been a faculty member at the University of Wisconsin-River Falls. Quite frankly, I have absolutely no idea how I am going to be able to afford the charges if I should get sick again.

Finally, I believe that the regional representation on the Group Insurance Board is necessary in order to insure that what has happened never happens again. When we made objections last fall, we were told by officials at ETF, that "you people up there" have no idea of the problem that we have to handle. Those words indicated to me a casual

indifference to our situation. It is ironic as well given that my impression was that they were unaware of the closeness of River Falls to Minnesota and its unique relationship to it, and to the problems that those of us in that area of the state have to deal with. Both ETF and the Group Insurance Board have not been good stewards in terms of providing us with affordable quality health insurance at a reasonable price.

As I looked through the Dual Choice Booklet provided us during the enrolment period, I was struck with the multiple choices of tier 1 coverage available to Dane County residents and those in the Greater Milwaukee area. River Falls is located directly adjacent to a larger metropolitan area and has access to one tier 1 plan. That plan not including Minnesota providers at the time we needed to make decisions.

I have heard that recently, Humana West has added Health Partners with over 1000 physicians into its Premier One Network. Many of those physicians are in Minnesota.

The Faculty Senate of UWRF presented ETF and the GIB a copy of a petition that we had presented to Governor Doyle, calling for an affordable high quality health care plan. Most of the faculty and staff (425 signers) at UWRF had signed it. We never received a response from either ETF or the GIB.

I want to conclude my comments by noting that in my twenty-six years as a faculty member at the University of Wisconsin-River Falls, I have never seen anything compare with the negative effects on faculty morale as the recent actions of the GIB and the ETF have had.

Senator Ehrpenbach ~~has~~ and members of the Committee on Health, Human Services, Insurance, and Job Creation, I thank you for your time and consideration.



Faculty Senate • http://www.uwrf.edu/faculty_senate/welcome.html

Senators: Chair - David Rainville, Vice Chair - David Furniss, Secretary - Kris Hiney, Executive Committee - Glen Potts, Ogden Rogers

**PETITION FOR AN EQUITABLE, REASONABLE, AND AFFORDABLE
QUALITY HEALTH CARE PLAN FOR ALL FACULTY AND STAFF AT
THE UNIVERSITY OF WISCONSIN-RIVER FALLS.**

Whereas, most UWRF faculty and staff did not learn details of major changes in the 2008 Health Care Plans until Wednesday, October 17, 2007; and

Whereas, prior to the meeting, many received incomplete and inconsistent information; and

Whereas, the ETF appears to have committed to health plans without knowing the complete list of their network providers; and

Whereas, UWRF faculty and staff have received pay packages which have lagged behind the Consumer Price Index for 10 of the last 10 years by on average 1% per year plus compounding; and

Whereas, UWRF is having more and more difficulty attracting and keeping quality faculty and staff; and

Whereas, the Tier 1 Health Care Plan does not meet the needs of this campus: the provider network includes few if any Minnesota-based providers, despite the fact that many UWRF faculty and staff live in Minnesota and most specialists who practice within a reasonable distance of River Falls are in Minnesota; and

Whereas, the Tier 2 Health Care Plan is no better than Tier 1 in terms of access to clinics, hospitals and specialist networks, offers extremely limited access to Minnesota-based providers and will cost 2.5 times as much as the Tier 1 plan; and

Whereas, the Tier 3 Health Care Plan will cost UWRF employees residing in Wisconsin approximately \$4,296.00 per year in annual premiums along with (assuming out of network providers) a \$4000.00 annual co-insurance (based on UAC) for the family plan, \$2,000 prescription drug maximum, and offers no routine vision or dental coverage; and

Whereas, our geographic location places us in the federally demarcated Greater Twin Cities Metropolitan Region, which has a higher cost of living than many other areas served by UW System institutions; and

Whereas, the University needs a fair and good quality health care plan with an affordable price that would enable UWRF employees access to the excellent network of healthcare providers in the Twin Cities area (25 to 35 miles from UWRF); therefore,

Be it resolved that the Faculty and Staff with the endorsement of the Faculty Senate are requesting the following actions:

1. The usual and customary timelines should be suspended and a new AFFORDABLE, QUALITY Tier 1 and an AFFORDABLE, QUALITY Tier 2 plan that includes Minnesota providers be made available for calendar year 2008.
2. a representative from western Wisconsin be named to the ETF board

UNIVERSITY OF WISCONSIN-RIVER FALLS

410 S. Third Street • River Falls, WI 54022-5001 • USA



Office of Human Resources • 216 North Hall • (715) 425-3518 • Fax (715) 425-3365 • www.uwrf.edu/hr/

Testimony of Kathy Young

February 20, 2008

Senate Bill 336

Committee on Health, Human Services, Insurance, and Job Creation

Senator Ehrpenbach, committee members, thank you for taking my testimony today on Senate Bill 336. My name is Kathy Young, I work in the Human Resources office at UW- River Falls, and one of my key tasks is employee insurance.

My responsibilities include assisting our employees in getting answers to their health care coverage questions. I have the unfortunate duty to tell you that this consumes the majority of my day, every day. It requires my HR colleagues to also respond to numerous requests for assistance. I can honestly tell you, not a day passes free of concern.

More than two months into our health care year, our employees are still confused as to who will provide service to them. Where can they find that service? Will their policy cover them?

A constant question is whether a physician who treats a UWRF employee at the River Falls Clinic will be covered by Humana Western, our Tier I provider. The clinic and hospital are part of their network. But most of their specialists are from their affiliated hospital in the Twin Cities (United Hospital for River Falls Hospital and Regions Hospital for Hudson). The reality is they may not be covered.

The uncertainty is still so dramatic that it presents problems for the River Falls Emergency Medical Services. EMTs worry about the financial consequences when responding to an emergency and transporting a patient they know is from UWRF. Can they take the patient to the hospital; what if the injury requires transport to a Twin Cities hospital? Will it be covered?

The confusion and worry about health care options last November caused 258 UWRF employees to change carriers. In a normal year we have averaged 20 changes.

Those changes have caused higher premiums to many employees, and a significant cost to the state.

This year there are 105 UWRF employees who changed to Tier 3 to guarantee their access to Minnesota health care providers. In a time of decreasing state revenues, that will cost Wisconsin an additional \$432,558 in premiums this year.

For UWRF employees, it's an additional \$2,496 in annual premiums. This does not include out-of-pocket costs and deductibles that could add up to another \$4,000. I'll note that 14 of those employees who changed are making less than \$40,000. There is also no vision or routine dental included, so employees must pay for that themselves.

A handful of Tier 3 subscribers moved to a lower tier. But the savings to the state will be just \$22,531 this year, which is not enough to pay for even one month's cost to Wisconsin in additional Tier 3 premiums.

As well as monetary challenges, this drastic change has caused other problems as well. Every day since these changes were announced our office has been flooded with calls from employees and retirees either concerned about changes or having difficulties with their insurance provider.

Even after January 1, employees have been unable to get referral request information from Humana and have been told there is no contract with the state. If they are fortunate enough to get forms, referrals are not being responded to in the 48-72 hour time frame employees were told to expect. If they call the "Referral Line" there is no additional information available.

Anthem, the Tier 2 provider, has had computer difficulties and is unable to process new participants.

We are called daily by employees who have been told they have no coverage, or need to pick a provider, or to pick a dentist even if they were told by company representatives at our health fair and in the Dual Choice Manual that this was not necessary. Time will be the only way to tell how bills will be paid by any of the providers.

Our health care problems in 2008 are acute. But this is not the only time we have experienced significant difficulties because of our location.

In the fall of 2005, we learned the health insurance carrier for the majority of State of Wisconsin employees for 2006 had been moved from Tier 1 to Tier 2 where the increase to employee contribution more than doubled.

For 2007, Humana Western was placed in a higher Tier. However, employees had the option to enroll in SMP (State Maintenance Plan) as no other Tier 1 provider was available in Pierce/St. Croix counties. This did afford employees the opportunity to be referred to physicians in the Minneapolis/St. Paul metro area if needed by their local doctors. Unfortunately, this is no longer the case.

In 2007 Chancellor Don Betz directly asked ETF to keep the University informed as health care issues were being considered, and he specifically offered our expertise and assistance in this. There was no communication from ETF throughout the year until we learned that our Tier I option was being radically altered.

I would like to point out; this is not a "Mayo Clinic" issue as ETF is presenting it¹, in Dual Choice Enrollment Results; not in Pierce and St. Croix counties. What our concern is having the same community of care as the rest of the state, a standard we have had. There is a broad network of specialists available locally, they just happen to be based in the St. Paul/Minneapolis area. Now, instead of seeing a specialist at our local hospital, clinic, or at a location 30 to 35 miles away, we are being told we will have to go to Marshfield Clinic in Eau Claire which is 66.5 miles from campus.

For 2008, we are confronted with the numerous problems you've heard about today.

Health care issues are complicated. We all acknowledge that. But the confusion is multiplied when the agency that is to be our advocate does not take our unique geographical circumstances into consideration.

During a meeting in December coordinated by our regional legislators, ETF was asked a straightforward question: why haven't Minnesota health care programs been invited to provide health care coverage in western Wisconsin?

We still do not have a satisfactory answer to that question, nor an indication that this is being addressed.

¹ Dual Choice Enrollment Results: http://etf.wi.gov/boards/board_gib.htm pp 1-5

Here is the break down of the most notable changes and the costs associated on our campus alone:

Number of Dual Choice applications processed: 258

Employees changing from Standard Plan (3) to a lower Tier plan: 2

Savings to state: \$1,877.60 per month / \$22,531.20 per year.

Employees changing from Humana (1) to Standard Plan (3): 105

Additional cost to state: \$36,046.50 per month / \$432,558.00 per year.

**Additional cost to employee annually: \$996.00 for single coverage, \$2,496.00
for family coverage.**

***Out of the 105 changes, fourteen of those employees make an average \$33,342.00
annually.***

Senate Bill 336 will provide us with a voice on the Group Insurance Board to ensure issues like these are considered. Thank you for allowing us the opportunity to speak before you today and your consideration of this very important issue.

Employee Contributions 2008 (same as 2007)

	Single	Family
Tier 1	\$27.00	\$68.00
Tier 2	\$60.00	\$150.00
Tier 3*	\$143.00	\$358.00

*Standard Plan is the only plan in Tier 3

Employee Contributions 2006

	Single	Family
Tier 1	\$22.00	\$55.00
Tier 2	\$50.00	\$125.00
Tier 3*	\$100.00	\$250.00

*Standard Plan is the only plan in Tier 3

Testimony of Kristen Allen
February 20, 2008
Senate Bill 336
Committee on Health, Human Services, Insurance, and Job Creation

My name is Kristen Allen; I am an employee of the University of Wisconsin. Although I am unable to attend the hearing today, I appreciate the opportunity to enter my comments into the record in support of Senate Bill 336 that changes the make-up of the Group Insurance Board.

I am a seventeen-year resident of Pierce County. For the past five years I have been fortunate, and proud, to work at the University of Wisconsin-River Falls as an Outreach Program Manager. I have been involved, over the years, with a variety of community groups and activities and I recognize the positive influence that the university has as an employer, as an educational institution, and as a critically important player in economic, cultural, and social life of the region.

Last spring I was diagnosed with advanced ovarian cancer, which required prompt attention in the form of major surgery. The surgery and the subsequent chemotherapy were done by gynecologic oncology specialists. The hospital and clinic where I was initially, and continue to be, treated are Methodist Hospital and Mayo Clinic in Rochester, Minnesota. At the time of my diagnosis, they were within my health insurance plan. My local doctor did not hesitate to recommend them and, in fact, he told me that, were it his wife, that is where he would take her.

The five-year prognosis for ovarian cancer patients depends heavily on the ability of the surgeon to remove all visible signs of cancer and the responsiveness of the remaining (microscopic) cancer to chemotherapy. I firmly believe that my current good prognosis is almost entirely the result of the care and treatment I received and the speed with which I received it. Had I been treated by physicians with less experience in gynecologic surgery and oncology, or had I had to wait weeks for a referral to a specialist, I

might not be submitting this testimony.

Ovarian cancer, especially when diagnosed in later stages, has a high recurrence rate. For the next five years, I will have regular exams, tests, and scans to check for cancer. If it returns, I will again need targeted chemotherapy. I hope that this scenario does not happen, but if it does, I want access to the gynecologic oncology team that has seen me through the initial treatment and who have the best knowledge of my particular disease path. Throughout my treatment, and now during monitoring, I have had confidence that my health care is in the hands of physicians with experience and resources relevant to my disease. I would guess that if you, or your wife, daughter, mother, or sister faced the same diagnosis, you would want the same treatment choices.

Last fall, our health insurance options were changed. We were offered a different set of health care plans than had been available to us in 2007. The options available appear to have been chosen with little regard to our geography. For River Falls residents, St. Paul and Minneapolis are our commercial service area. The Twin Cities are less than an hour's drive from River Falls. Even Rochester is only about 80 minutes by car. Yet, most of the health care plans we were offered included only a limited number, if any, health care providers in Minnesota.

I faced a difficult choice. My health plan, which had included Mayo Clinic, was no longer available. Only one of the plans available for 2008, the WSP Standard Plan, gave me access to my gynecologic oncology team at Mayo Clinic. I am thankful to have access to that plan, but the premium for a family is \$368 per month, \$218 per month more than the plan we had in 2007. This plan also has higher out-of-pocket expenses and covers fewer services than did the other plan.

After careful consideration of the options, the risks, and the costs, we chose the more expensive Standard Plan. I am fortunate to be able to make that choice; I live in a dual income household, and have

supportive families and healthy, grown children. For many of my colleagues, individuals and families with different circumstances, that choice is not financially feasible.

I am here to ask you to vote in favor of regional representation on the Group Insurance Board. Because of our geography, university employees who live and work in western Wisconsin are being unfairly penalized, when it comes to health care choices, compared to our colleagues elsewhere in the state. We must pay higher premiums and co-payments to ensure that we maintain access to specialists close-by in Minnesota, or we must travel further to see specialists in Wisconsin, or we forgo access to specialists and rely on local physicians who generally do not have a comparable level of experience with specific diseases. We need someone on the board who understands our geographic and economic situation and who can represent us in negotiations that have a significant impact on our welfare.

Like any business, our university's fortunes are linked to the quality of its human resources. I have taken what amounts to a substantial pay cut in order to maintain access to essential health care services. Just as the Twin Cities serve as the commercial center for residents in western Wisconsin, so they also serve as a major employment area. If we continue to ignore those geographic realities, we will lose our best human resources, both current and future, to organizations across the border that pay more and offer access to a better array of benefits. I believe such losses would leave our university, our communities, and our state much poorer.

Thank you again for the opportunity to submit my testimony on this important issue to the committee. I urge you to make every effort to ensure that the Group Insurance Board includes members who understand the geographic and economic realities of all regions of the state.

Dr. James W. Stewart
Box 326
River Falls, WI 54022

February 17, 2008

Honorable Senator Sheila Harsdorf
10th Senate District

Regarding SB 336-Public Hearing February 20, 2008

Please consider this letter in strong support for Senate Bill 336 pending before the legislature. This is an example of bipartisan support necessary to ensure regional representation and regional input for the development of annual negotiations for insurance programs for the State of Wisconsin.

Last year's process resulted in a major change that impacted on our family and with many colleagues who up until that time had excellent coverage through the Humana/Preferred One network. Without any notification, we were told we had a very few days to change our coverage. The offer of coverage forced us to take the WPS plan with a set of restrictions that have placed my family into a health care dilemma. We now face restrictions on access, co-payments and loss of coverage (preventative eye and dental care) along with having to switch doctors and clinics or face new 20% co-payments if we keep our current providers that are "out of the WPS network."

After 15 years of excellent insurance, we are now looking at tough choices. I really don't mind WPS, however, with our area of the state I would want a WPS option for varying levels of care. Cost options so that my family and I can get the appropriate care, especially for the excellent care available to us in the Twin Cities area. We had only two choices: Humana with care in Eau Claire and no Minnesota coverage or WPS with restrictions. Humana may have chosen not to submit a bid after all of these years because costs for our area of the state were going up or more expensive because of access to the Twin Cities and the Mayo Clinic. I would have preferred to request them to bid with adjusted co-payments and premiums and let me choose the level of care and cost.

Finally, the Group Insurance Board and Agency Staff need to have a wider perspective from around the state so there will be less chance of the fiasco and lack of concern for regional needs that was exhibited during the 2006-2007 bidding process. This resulted in many health care crises for employees and in many cases, retirees as well.

Respectfully,

Dr. James W. Stewart



Supreme Court of Wisconsin

DIRECTOR OF STATE COURTS

P.O. BOX 1688

MADISON, WISCONSIN 53701-1688

Shirley S. Abrahamson
Chief Justice

16 East State Capitol
Telephone 608-266-6828
Fax 608-267-0980

A. John Voelker
Director of State Courts

Testimony
of
A. John Voelker
Director of State Courts

Senate Bill 336
Membership of the Group Insurance Board

Senate Committee on Health, Human Services, Insurance and Job Creation
Senator Jon Erpenbach, Chair
February 20, 2008

Chairman Erpenbach and members of the Committee, my name is John Voelker, the Director of State Courts.

I am speaking in support of SB 336, which would expand the membership of the Group Insurance Board and require one member from each of Wisconsin's congressional districts. As a statewide employer with elected officials and staff working in every Wisconsin county, I am well aware of the challenges of incorporating local and regional issues at a statewide level. SB 336 successfully addresses regional and statewide employee benefit concerns and provides assurances to our judges and employees that regional health insurance issues are given ample opportunity to be properly represented and addressed, clearly communicated, and thoroughly analyzed for both regional and statewide impact before decisions are made and contracts with provider networks are finalized.

As some of you may be aware, this past fall during the Dual Choice enrollment period, state employees located in northwestern Wisconsin faced an untenable situation when making choices about their health care insurance coverage for 2008. Their primary provider network was significantly changed, resulting in a reduction in the number of health care providers available under the new insurance contracts entered into by the Group Insurance Board. We are grateful to Senator Sheila Harsdorf and Representative Kitty Rhoades for their leadership last fall in

acknowledging the adverse impact these contract changes had on state employees and their families and for providing a forum in which constructive problem resolution could begin. We also appreciate the Department of Employee Trust Funds efforts to address the concerns raised by our employees. In fact, ETF notified us last week that they were successful in expanding the provider network available to these employees in northwestern Wisconsin for 2008.

However, we believe that broader geographical representation on the Group Insurance Board will help avoid such problems and miscommunication in the future. Expanding the geographical representation on the Group Insurance Board is a powerful next step in providing the Board with better insight and regional perspectives on the health care options and issues facing employees in all parts of the State.

The Wisconsin Court System strongly urges the passage of SB 336.

I would be happy to answer any questions. Thank you.